

# CORRECTED FISCAL NOTE

## HB 2494 - SB 2647

February 14, 1998

**SUMMARY OF BILL:** Limits the period a local education agency may exceed the school bus manufacturer's seating capacity to the first 30 days of the new school year; directs the local education agency to take the necessary actions through rearrangement of bus routes, bus purchases or leases to come into compliance with this provision.

### ESTIMATED FISCAL IMPACT:

On January 31, 1998, we issued a fiscal note on this bill that indicated:

*The impact of this bill is estimated to be an increase in local government expenditures for FY 1998-99 of \$5,473,850 and an increase in state expenditures beginning in FY 2000-01 of \$2,364,000.*

*This estimate had one-time expenditures for new school buses and recurring expenditures for new bus drivers and operating costs. The estimate reflected the impact of all new bus purchases being purchased outright.*

Based upon the receipt of additional information that indicates the majority of buses affected by this bill will be financed by the use of bank notes, the total costs from implementation of this bill will be distributed over a period of several years. The estimated fiscal impact of this bill is as follows:

**Increase Local Govt. Expenditures\* - \$1,633,000 FY 1998-99 and thereafter**

**Increase State Expenditures - \$735,000 FY 2000-01 and thereafter**

**Increase Local Govt. Revenues - \$735,000 FY 2000-01 and thereafter**

Assumes 83 new school buses purchased and financed with bank notes amounting to approximately \$600,000 each year for principal and interest and an impact of approximately \$1,033,000 for 83 new drivers and operating expenses. The principal and interest over a 10-year period amounts to approximately \$6,000,000.

In addition, state expenditures are estimated to increase approximately \$735,000 in FY 2000-01 with a corresponding increase in local government revenues. **An increase in expenditures in FY 1998-99 by local school systems for transportation results in an estimated increase in state funds generated by the BEP formula for transportation beginning in FY 2000-01.**

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

**HB 2494 - SB 2647  
CORRECTED**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive, flowing style with a large initial "J" and "D".

James A. Davenport, Executive Director